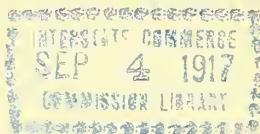


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W. R. McFarland.
Transport. Gen. 18



ADDRESS

BY

GOVERNOR EUGENE N. FOSS

BEFORE THE

WORCESTER CHAMBER OF COMMERCE.

ON THE

RAILROAD SITUATION IN MASSACHUSETTS

THURSDAY, SEPT. 11, 1913.



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ADDRESS.

Every one of us is vitally concerned in the great problem of safe and sound transportation for New England.

I need not dwell upon our present deplorable situation. You know what we have experienced and are experiencing, but I think all of you may not have followed this matter to its roots.

New England is peculiarly situated in respect to the American continent. These six states are all nearer to Europe and to the great cities of Canada which have independent outlets by water to Europe and by railway systems to the West.

New England should, therefore, have the advantage of lower water rates to Europe. But New England does not enjoy the advantage of cheaper or shorter water routes or of Canadian rail or water routes.

NEW ENGLAND'S TRANSPORTATION HANDICAP.

The New England cities on the seacoast do not even enjoy equal railroad rates to the West by American rails. The southern cities, especially Baltimore, with its favorable differential, have advantages over New England cities in both ocean routes to the east and rail routes to the west.

New England is in a peculiar geographical position, but is denied her geographical advantages. We must remedy this disadvantage now, because if we do not we may wake when too late to find all our rail and water routes are in the hands of powers entirely outside of New England.

The interstate commerce commission has investigated the New England railroad situation and made a most elaborate re-

port. It has pointed out, as one of the results of its special investigation, that "It is important that the control of these lines (New Haven and Boston & Maine) should be strongly in the interest of New England."

Let me read you another significant extract from the report of the interstate commerce commission upon the situation here in New England. This report says:

NEW ENGLAND SHOULD HAVE FULL CONTROL.

"If the New Haven company could be dominated by New England men and financed by New England money there would be less danger in giving it the management of the railroads of New England."

New England men ought not to be reminded of their danger by the interstate commerce commission. Every business man in New England should be alive to the danger of control of New England transportation by outside interests. For New England transportation underlies New England business.

There is said to be a thousand millions of dollars invested in transportation property in New England, and there is also three thousand millions of actual manufactured products irrevocably knit into and dominated by these transportation interests. Here is the life and labor of New England.

We are powerless to go forward if denied equitable trade and traffic relations with our neighbor to the north. We cannot go forward unless we have independent water routes to the east and south. We cannot go forward if we are to be dominated absolutely in our railroad lines by the trunk line railroads to the west.

The state of Massachusetts invested \$24,000,000 in the Fitchburg railroad to enable it to pierce the Hoosac mountain and give New England a low-grade railroad line competing with those lines to the west.

Ex-President Codman of the Fitchburg railroad, in a recent communication to the press, says that the trunk lines of the United States, without the expense or risk incident to ownership, are absolutely in control of the railroad situation in New England through interlocking directorates and their agents, the New York bankers.

TRUNK LINES IN CONTROL OF NEW ENGLAND.

He declares that the public is gradually learning that the trunk line railroads, with their interlocking directorships, are "ultimately responsible not only for the arrested development of New England commerce, but also for increased expenses and the many misfortunes which have befallen the two great railroad systems of New England in recent years.

"The trunk lines have accumulated at least 90,000 shares. This is ownership of only a small percentage of the stock of the New Haven system, but with the willing aid of the banking system of New York it has been enough to make the trunk lines dominant in the management of both New England systems.

"The trunk line representatives are, of course, railroad experts, so that their influence becomes paramount in the choice of other directors and especially of the executive officers.

"At the same time, the immensely greater interest which the trunk lines have in the prosperity of their own railroad properties in New York must of necessity prompt their agents in New England to secure and control traffic for trunk line benefit rather than for the benefit of New England systems.

"The purpose of the trunk line investment can be nothing else than the control of traffic. In this way the Boston & Maine railroad, for instance, is prevented from a profitable interchange of traffic with the Canadian railroads, competitors of the trunk lines, which would undoubtedly result in a movement of export grain from the port of Boston.

"It is, in my belief, the same trunk line control which prevents the port of Boston from enjoying the benefit of the lower Baltimore rates on export and import traffic.

"In the recent contest before the interstate commission the Baltimore merchants were backed up by the Baltimore trunk lines, of which the Pennsylvania is one, even to the threat of a rate war if Boston should be given the Baltimore rate.

"At the same time the Boston & Maine failed to back up the Boston merchants and, instead, deliberately declared itself afraid of a rate war.

"The trunk line interest is wholly against the development of coastwise steamship trade because that means loss of rail haul.

"It was railroad influence which put a quietus on a most desirable plan for a steamship line to Texas points. The same influence must be expected against future trade through the Panama canal."

Mr. Codman goes further and shows how the increased per diem charges for cars bear heaviest against New England, where the haul is shorter and the delay in unloading is proportionately greater.

This is a very frank and convincing statement on the part of a man who ought to be in a position to know the true situation.

ARGUMENT FOR RECIPROCITY.

For many years I have pleaded for an outlet for New England and the whole country to the north by reciprocal trade and transportation mutually advantageous to both the United States and Canada. Reciprocal traffic, through suitable railroad connections, would go a long way toward giving us reciprocal trade.

As it is, New England would be better off as an island. But touching the continent to the north and west, as we do,

we are denied traffic to the north and are now controlled by our western neighbors.

Now, what are we men of New England going to do about it? Are we to go on voting for old political parties, both of which offer only wornout creeds and policies which have nothing in them for the advantage of New England?

Now, I deem it my duty to point out something more. The bankers and the trunk lines that control the New England transportation system are today interlocked, and in that interlocking there is no voice of New England.

There have been concentrations of capital going on of late years in this country against which the people have begun to protest.

First, by a movement against trusts; next, through laws regulating and dissolving hateful trust monopolies, and lately we have had an investigation of the so-called monetary trust.

THE RAILROADS AND THE MONEY POWER.

The so-called Pujo investigating committee at Washington has shown clearly that three financial interests in New York city are the central money power of this country. These interests admit that they work in harmony, do not invade or compete in each other's territory and would not think of so doing.

These banks dominate the transportation system of all New England. I do not know of any section of the United States where they sit so hard and fast, or where their domination is so strongly or unitedly intrenched.

The Pujo committee says, for example, that the house of Morgan & Co., as sole fiscal agents of the New Haven, Boston & Maine and Maine Central railroads, has, since 1904, procured from them the marketing of 17 issues of securities amounting approximately to \$188,000,000. We don't understand that any competitive bids were ever made on this business.

The United States has a national banking system, but permits private bankers to take the pick of the deposits, which are, of course, the large deposits of the interstate corporations and the railroad corporations.

Do you think railroad moneys, which are the people's moneys, should be allowed to be deposited with private bankers? If you do, you must then support the system, and pay the rate the private banks ask for loaning this money back to the railroads. These moneys ought to be secured for these railroads by open subscription as far as possible.

SHORT-TERM LOANS BECOME TOO LARGE.

And again, it is a mistake for a corporation to allow its debt to reach such large proportions before it is funded. For the present plan is disastrous in hard times, and forces the roads to pay almost usurious rates.

The financing ought to be done at frequent intervals, so that the debts accumulated would not be allowed to assume the proportions of a government loan.

The control which the private banker has exercised over the railroad systems of the country must give way in a large degree, at least, to a broader control.

The private banker has doubtless rendered service and contributed greatly to the early upbuilding of the railroad systems of the country. But with our present national banking system, and also our greater general wealth, the time has come when his domination must cease.

PRIVATE BANKING INTERESTS SHOULD RETIRE FROM RAILROAD DIRECTORATES.

The retirement of these banking interests from the domination of the railroads cannot help but result in good to the railroads, to the public and to the banking interests them-

selves. For it is evident they do not want to assume the responsibilities for the safe and successful management and operation of the railroads themselves. It is not supposable that these men can be interested as they should be in the safety, service, organization and equipment of the railroads, and their rules and regulations as to transportation. The elimination of these banking interests is sure to come because the public are demanding it.

The Pujo investigation clearly indicates that this is the only course, and I think the foregoing facts will show you also that our New England railroad situation is only the bob on the financial kite of a vast aggregation of railroad power, the like of which the world has never before witnessed.

ORGANIZED LABOR.

I have shown you one of the millstones. Now let us consider the other, namely organized labor.

This likewise, has no responsibility to the public, the public safety, or of the public's future.

You know I have just recently been through a considerable strike promoted by organized labor outside my own works. I was told, when I built a new factory with up-to-date conditions of sanitation, light and air and pleasant surroundings, that I should expect labor trouble. But the American working man is worthy of the best conditions and the highest wages that the trade can afford.

I have always been in favor of reciprocity and low tariffs, and have declared to everybody that the American working man, well fed and well housed, could be paid twice as much as the European laborer and be worth twice as much in his trade and product, and I am willing to stand today upon that platform.

Now, I am not a growler or a snarler about organized labor,

or the errors or follies that may be committed in the name of organized labor. Men should combine for mutual defence, protection and advancement. "Life, liberty and the pursuit of happiness" are our rightful possessions. And I hope to see them become the possession of the nonunion as well as the union workman.

But when I see a condition that imperils the safety of society and the state, whether that condition is brought about by my own associates in finance or by organized labor, it is my duty to clearly point it out.

What would you think of the safety of ocean travel if a league of seafaring men on the ships were in control of the discipline, safety and all the terms of employment regarding labor on shipboard? What would you think if the people on the land who owned the ships had nothing to say as to command, discipline or safety? Would you consider those ships safe?

Now you have a condition on land here in New England approaching that which you would not tolerate on the ocean.

DANGER IN UNIONISM.

The engineer of the locomotive is the captain of that iron ship ploughing through rain and fog and darkness, often at fifty miles or more an hour. He should owe his allegiance to the railroad corporation, and the corporation should protect and safeguard him in every way. But, today, does the railroad engineer in New England recognize any allegiance superior to that of his labor union? Railroad men will tell you he does not.

And the reason is perfectly clear. It is his union that has multiplied his wages to five-fold beyond what the engineer on the European train, doing the same work, receives as compensation.

Our railroads have been run by banking interests, and they and their servants, the officers of the road, have not been sitting

in judgment or justice upon the relative merits of various classes of railroad labor.

The poor gatetender responsible for safety of both highway and railroad at the grade crossings, no matter how many children he has or what his circumstances, has been getting less than \$10 a week, while your engineer has been pushed upward by his union to nearer \$10 a day. Is this justice or equity?

WAGES NOT EQUITABLE.

Has the wage fund of the railroad been equitably distributed among its employees? Have the wages of the unorganized trackmen or the unorganized gatemen been raised by the corporation in proportion to the advance in the cost of living? Why not?

The engineers of New England, substantially all of whom are enrolled in one labor union, are able at any moment to threaten a strike and paralyze the industries of New England in a day, if their demands are not complied with. What can the railroad officials do? Yield to every demand of the engineers and deny most of the demands of unorganized labor at the foot of the ladder? I am only asking you questions. I am not making assertions except as they are supported by official testimony.

It is very difficult to make comparison of wages or conditions of service between this country and abroad.

But if there is anybody competent to do so in the railroad field it is President William C. Brown of the New York Central, who has come up from the bottom of the ladder. He has personally investigated, during two vacations spent in Europe, by inquiry and observation, the rates for transportation in Europe as compared with this country, and the rates paid to locomotive engineers.

I will take the figures from his address at the Boston Chamber

of Commerce, June 12 last, where this matter was set forth more clearly than I think it was ever before presented.

President Brown showed very clearly that the rates of transportation in America were lower than the rates of transportation in Europe, ton for ton, mile for mile, and passenger for passenger.

From the seaport of Cherbourg to Paris, 232 miles, the first-class passenger fare is \$10.58.

From Cincinnati to Cleveland, 263 miles, the first-class fare is \$6.28.

The French engineer receives \$2.07 and the American engineer \$10.25.

In other words, while the passenger fare in France is 69 per cent. greater the American engineer receives more than four times as much. (President Brown's address, Page 7.)

It is often the highest-priced labor that becomes the most inefficient, and if loyalty is to be had primarily to an outside organization there can be nothing but inefficiency until disaster after disaster causes the public to rise up in its height and demand reform.

WRECKS ON THE NEW HAVEN.

In reading the reports of the passenger disasters upon the New Haven road you have seen steadily pointed out in the press and in the official reports the danger from this or that form of signal, or this or that crossover, or the danger of wooden cars, until you are led to forget the main danger.

An engineer of the Lackawanna road went from a barroom to the throttle of his train, and soon 41 passengers were dead on that road. He had disregarded the rules of the road, but the jury would not convict him of manslaughter.

You have seen the banjo signal system condemned because Engineer Miller went by it at 51 miles an hour and said he

was unable to find it in the fog, although he knew that there was a train only seven minutes' ahead of him.

Engineer Doherty made the passenger wreck at Stamford, by passing a semaphore in broad daylight, but the verdict in the Stamford accident was that nobody was to blame. The semaphore signal, which is the latest and most modern signal system, could not be condemned.

The investigation of the latest disaster on the New Haven road shows the record since January 1st of 158 engineers passing their signals — a crime against railroad organization, a crime against the public, a crime against humanity.

NO POWER TO DISCIPLINE.

But where is the power to discipline these engineers? They have their own organization. They make their own demands, for themselves alone, and they have the power to paralyze the transportation interests and every industry in New England.

Should any organization possess such power? Should such an organization be beyond public control, or even discipline from ownership or management?

Now let me call to your attention one brave man who rises up to condemn his railroad fellow workers and to defend the public. James O. Fagan of Waverley, a railroad signal man, writes the New York Times a column, which is published in that paper Sept. 9. I will quote from the last part of his communication, as follows:

"The other day railroad managers all over the United States were notified by the president of the Brotherhood of Railway Trainmen substantially to the effect that when there happens to be a difference of opinion between an officer and a trainman as to the interpretation of instructions in the schedule, the orders of the officer in relation to the point in dispute must be disre-

garded and the brotherhood will be prepared to protect the trainmen who may be disciplined for their disobedience.

“What show have the doctrines of personal responsibility and co-operation between men and managers when the rank and file are being continually prodded with demoralizing orders of this kind by irresponsible labor leaders?”

Now, fellow citizens of Massachusetts and of New England, what shall we do?

You see the concentration of capital and its domination upon one side. And you see the concentration of the highest-paid labor on your railroads and its domination. You see that neither the capital nor the labor is working for you or your protection.

I stand here as an independent citizen, wearing the cloak and collar of no party, and I denounce the foreign control of the New England railroads, and denounce the foreign control of the labor that captains the iron horse at the head of every passenger train in New England.

It is my duty to point out to you the facts. It is your duty to think of the dangers, and it may later be your duty to act.